



Discussion on Goal II

Accelerate the State's Goal for Renewable Resources

Joint Agency Energy Action Plan Meeting

March 2, 2004



We Will Accelerate the State's Goal for Renewable Resources

**PUC will open a new rulemaking in March to
address the remaining RPS
implementation issues**

- **Goal is to reach the 20% RPS target in 2010**
 - **Utilities are starting from a baseline of roughly 11% renewables based on 2001 retail sales**
 - **In 2002, there were approximately 7050 MW of in-state renewables capacity, generating approximately 29,000 GWh**
 - **Under interim procurement authority granted by the CPUC, the IOUs procured more than 660 MW of renewable capacity for energy deliveries of nearly 4,500 GWh per year**



We Will Accelerate the State's Goal for Renewable Resources (cont.)

- **PUC will direct investor-owned utilities (IOUs) to file renewable procurement plans that will:**
 - Include the accelerated procurement targets
 - On an annual basis, these targets may exceed the statutory one percent per year requirement in order to fulfill the goal of the EAP
 - Contain a Request for Offers for renewable products, and approval of the plans will trigger the beginning of the RPS solicitations



We Will Accelerate the State's Goal for Renewable Resources (cont.)

We will carefully examine the effect of the accelerated procurement targets on resource development, transmission planning and efficient use of the Public Goods Charge funds for new renewables

- **Necessary acceleration of transmission development and upgrades to meet the accelerated goal**
- **Potential of accelerated renewable resource development**
- **Effect of increased pressure on PGC funds**



We Will Accelerate the State's Goal for Renewable Resources (cont.)

**Between January 29 and February 3, 2004,
the IOUs filed compliance reports on their
2003 renewables procurement activities**

- **PUC is using the data in these reports to establish the Annual Procurement Targets (APT), as defined in D.03-06-071**
- **A utility's APT may increase under the accelerated 2010 scenario. PUC will consider any such increase in establishing the APTs in years 2004 through 2010**



We Will Accelerate the State's Goal for Renewable Resources (cont.)

**Workshops will be held in March and April
to further develop the methodology for
determining Market Price Referents**

- **Purpose of the Market Price Referents**
 - **Forms the basis for bid evaluation**
 - **Establishes the threshold for Supplemental Energy Payments**
- **A white paper will be issued in March to focus the discussion**
- **Following the workshops, PUC will adopt the final methodology in a decision in May or June**



We Will Accelerate the State's Goal for Renewable Resources (cont.)

**PUC will issue a Ruling establishing
the terms and conditions that will be
the standard for RPS contracts**

- **Parties will have the opportunity to
propose contract language for each
adopted term and condition**

**PUC will adopt the language in a
decision by May**



We Will Accelerate the State's Goal for Renewable Resources (cont.)

Key elements for RPS:

- **Market Price Referents**
- **Standard Contract Terms**
- **Least Cost/Best Fit resource assessment**
- **PUC-approved renewable procurement plan**

**Once these are in place, the IOUs will
conduct renewable solicitations**

- **We expect the first solicitation between June
and September**



We Will Accelerate the State's Goal for Renewable Resources (cont.)

**PUC and CEC staff continue to work
collaboratively in RPS development
and implementation**



Discussion on Goal V

Promote Customer and Utility Owned Distributed Generation

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Rate Uncertainty Reduced and DG Interconnection Levels Increased

- **PUC Self Generation Incentive Program (SGIP) approved funding for interconnection of 92 MW of clean and renewable projects in 2003 (210 MW since July 2001)**
 - **Eligible type of generators:**
 - **Renewable: photovoltaic, wind and fuel cell (30kW to 1MW generating capacity)**
 - **Fossil Fuel: micro-turbine, turbine, internal combustion engine, fuel cell (up to 1 MW generating capacity)**
 - **Other: micro-turbine using renewable resources**



Rate Uncertainty Reduced and DG Interconnection Levels Increased

- **PUC determined which DG customers pay DWR costs on departing load, and exempted certain small renewable and clean DG in April 2003**
- **PUC made permanent the expanded temporary net metering capacity eligibility requirements of AB 29 in second quarter of 2003**

Rate Uncertainty Reduced and DG Interconnection Levels Increased (Cont.)



- **PUC adopted a pilot net metering program for small biogas-fueled DG per AB 2228 in June 2003**
- **PUC eliminated standby rates through 2011 for most renewable and super clean DG interconnected before June 2004**
- **PUC adopted an interim process for utilities to procure non-utility DG for distribution support in March 2003**



More Efforts are Underway

- PUC incentives continue through 2007
- Current incentives:
 - Renewable: \$4.50/watt up to 50% of installed cost
 - Fossil Fuel: \$2.50/watt for fuel cells; \$1.00/watt for microturbines, small gas turbines and internal combustion engines
- PUC is performing a mid-program evaluation of the SGIP to determine how effectively the program has met the AB 970 goals of
 - Promoting renewable and clean DG
 - Providing reliability to the grid
- PUC will make program modifications as necessary; a proposed decision will be issued by June 2004



More Efforts are Underway

- **Issues under consideration include**
 - **Adjusting funding levels**
 - **Decreasing dollar-per-watt incentives**
 - **Removing percentage caps**
 - **Developing protocols to incorporate the new AB 1685 emissions and efficiency eligibility requirements**



More Efforts are Underway (cont.)

- **A new rulemaking will examine DG costs and benefits, appropriate incentive levels, the role of DG in utility procurement, and will standardize definitions of DG**